

07-26-2002

4/11/02



Form PTO-1594

102169463

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies)
General Combustion Corporation, a subsidiary of Gencor Industries, Inc.Additional name(s) of conveying party(ies) attached?
Yes ☒ No

3. Nature of conveyance:

☐ Assignment
☒ Security Agreement
☐ Merger
☐ Change of Name
☐ Other

Execution Date: December 27, 2001

2. Name and address of receiving party(ies)

Name: Credit Lyonnais New York Branch

Internal Address:

Street Address: 1301 Avenue of the Americas
City: New York, New York 10019Additional name(s) & address(es) attached? ☐ Yes ☒ No

4. Application number(s) or trademark registration number(s):

If this document is being filed together with a new application, the execution date of the application is:

A. Trademark Application No.(s) filed Additional numbers attached? ☒ Yes ☐ No See Attached List of Trademarks on Separate Sheet
B. Registration No.(s): 2,227,445 and others

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: David Einhorn, Esq.
Internal Address: ANDERSON, KILL & OLICK, P.C.
Street Address: 1201 Avenue of the Americas
42nd Floor
City: NEW YORK State: N.Y. Zip: 10020-1182

6. Total number of applications and registrations involved 9

7. Total fee (37 CFR 3.41) \$ 360.00

☒ Enclosed
☒ Authorized to be charged to deposit account #01-19448. Deposit account number: 01-1944
(Attach duplicate copy of this page if paying by deposit account)

Do not use this space

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

David A. Einhorn
Name of Person Signing

Signature

Date

Total number of pages including cover sheet, attachments, and document: 18

Do not detach this portion

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents and Trademarks
Box Assignments
Washington, D.C. 20231

Public burden reporting for this sample cover sheet is estimated to average about 30 minutes per document to be recorded, including time for reviewing the document and gathering the data needed, and completing and reviewing the sample cover sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Office of Information Systems, PK2-1000C, Washington, D.C. 20231, and to the Office of Management and Budget, Paperwork Reduction Project (0651-0011), Washington, D.C. 20503.

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02 FC:482 200.00 CH

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TRADEMARK
REEL: 002521 FRAME: 0738

LIST OF TRADEMARKS INCLUDED IN THE SECURITY AGREEMENT BETWEEN GENCOR INDUSTRIES, INC. AND CREDIT LYONNAIS, NEW YORK BRANCH**REGISTERED TRADEMARKS**

TRADEMARK	REGISTRATION DATE	REGISTRATION NO.
GENCO	March 2, 1999	2,227,445
G GENCO & Design	February 23, 1999	2,225,048
ULTRAFLAME	January 7, 1986	1,377,093
HY-WAY	May 12, 1998	2,156,663
HY-WAY HEATANK (Stylized)	December 22, 1959, renewed December 8, 1999	690,246
HY-WAY HOT OIL HEATER	May 12, 1998	2,156,664
G GENCO HY-WAY	December 29, 1998	2,213,849
BIO-FLAME	June 15, 1999	2,252,524
ASTRAFLAME	November 9, 1982	1,215,686

**AMENDED AND RESTATED SUBSIDIARY TRADEMARK SECURITY
AGREEMENT**

AMENDED AND RESTATED SUBSIDIARY TRADEMARK SECURITY AGREEMENT (this "*Agreement*"), dated as of December 31, 2001, made by GENERAL COMBUSTION CORPORATION (the "*Pledgor*"), a subsidiary of GENCOR INDUSTRIES, INC. (the "*Borrower*"), in favor of CREDIT LYONNAIS NEW YORK BRANCH, as Agent (in such capacity, the "*Agent*") for the several banks and other financial institutions (the "*Lenders*") from time to time parties to the Amended and Restated Senior Secured Credit Agreement, dated as of December 31, 2001 (as the same may be amended, supplemented or otherwise modified from time to time, the "*Amended and Restated Credit Agreement*"), among the Borrower, the Lenders, Credit Lyonnais New York Branch as the Issuing Bank for the Letters of Credit (the "*Issuing Bank*" and, together with the Lenders, the "*Banks*"), and the Agent.

R E C I T A L S

WHEREAS, the Borrower is a party to a certain Senior Secured Credit Agreement, dated as of December 10, 1996, by and among the Borrower, the Lenders, the Issuing Bank and the Agent, as amended from time to time (the "*Original Credit Agreement*");

WHEREAS, the Pledgor has guaranteed the payment and performance of the Borrower's obligations under the Original Credit Agreement (the "*Guaranteed Obligations*") pursuant to the terms of a certain Subsidiaries' Guarantee, dated as of December 10, 1996 (the "*Original Guarantee*"), and in order to secure the payment and performance of the Guaranteed Obligations, the Pledgor is a party to a certain Subsidiary Trademark Security Agreement, dated as of December 10, 1996, by the Pledgor in favor of the Agent (the "*Original Subsidiary Trademark Security Agreement*");

WHEREAS, the Borrower and certain of its affiliates are operating their businesses as debtors-in-possession under Sections 1107 and 1108 of the Bankruptcy Code;

WHEREAS, pursuant to Section 1121 of the Bankruptcy Code, the Borrower filed its Fourth Amended Plan of Reorganization with the Bankruptcy Court on December 14, 2001, which plan, as modified, was confirmed by order of the Bankruptcy Court, dated December 18, 2001 (the "*Plan of Reorganization*");

WHEREAS, pursuant to the terms of the Plan of Reorganization, the Banks and the Agent are holders of an Allowed Claim, which claim reflects the pre-petition obligations outstanding to the Agent and the Banks;

WHEREAS, pursuant to the Plan of Reorganization, the Borrower, the Lenders, the Issuing Bank and the Agent have amended and restated the Original Credit

Agreement to evidence the Allowed Claim, and the Pledgor has amended and restated the Original Guarantee with respect to such Allowed Claim; and

WHEREAS, it is a condition precedent to the effectiveness of the Plan of Reorganization that the Pledgor shall have amended and restated the Original Subsidiary Trademark Security Agreement to secure payment and performance of all of the Pledgor's obligations and liabilities under the Amended and Restated Subsidiaries' Guarantee and the other Loan Documents.

A G R E E M E N T

NOW, THEREFORE, the Pledgor hereby agrees with the Agent, for itself and for the ratable benefit of the Banks, as follows:

1. *Defined Terms.* (a) Unless otherwise defined in this Agreement, capitalized terms shall have the meanings given them in the Amended and Restated Credit Agreement.

"Amended and Restated Subsidiaries' Guarantee": that certain Amended and Restated Subsidiaries' Guarantee, dated of even date herewith, by the Pledgor in favor of the Agent, for itself and for the ratable benefit of the Banks.

"Code": the Uniform Commercial Code as from time to time in effect in the State of New York.

"Obligations": all of the Pledgor's obligations and liabilities under the Amended and Restated Subsidiaries' Guarantee; provided, however, that the maximum amount of the Obligations of the Pledgor secured under this Agreement shall in no event exceed the maximum amount that can be guaranteed by the Pledgor under applicable laws relating to the insolvency of debtors.

"Trademarks": all the trademarks, trademark registrations, tradenames and trademark applications that are owned by the Pledgor, or in which the Pledgor acquires any right interest, at any time prior to the termination of this Agreement.

(b) The words "hereof" "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section and subsection references are to this Agreement unless otherwise specified.

(c) The meanings given to terms defined in this Agreement shall be equally applicable to both the singular and plural forms of such terms.

2. *Grant of Security Interest.* As collateral security for the prompt and complete payment and performance when and as due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, the Pledgor hereby grants to the Agent, for itself and for the ratable benefit of the Banks, a security interest in all of the following

property now owned or at any time hereafter acquired by the Pledgor (collectively, the "Collateral"):

(a) all of Trademarks filed with the United States Patent and Trademark Office, and, to the extent applicable, any similar office or agency of any state, territory or possession of the United States or any similar office or agency of any other country or used by the Pledgor in the United States, any state, territory or possession thereof or any other country (including, without limitation, all of the Trademarks listed on Schedule 1 to this Agreement);

(b) all renewals and extensions of the Trademarks;

(c) all income, royalties, damages and payments now and hereafter due or payable with respect to the Trademarks (including, without limitation, payments under all licenses entered into in connection with the Trademarks and damages and payments for past or future infringement of the Trademarks);

(d) the right to sue for past, present and future infringements of the Trademarks;

(e) all rights corresponding to the Trademarks throughout the world;

(f) the goodwill of Pledgor's business connected with and symbolized by the Trademarks;

(g) any agreement, written or oral, providing for the grant by or to the Pledgor of any right to use any Trademark (including, without limitation, any agreement referred to in Schedule 1 to this Agreement); and

(h) all products and proceeds of the foregoing.

3. *Restrictions on Future Agreements.* Until this Agreement has terminated, the Pledgor, without the Agent's prior written consent, will not (a) enter into any agreement (including, without limitation, any license or sublicense agreement) that is inconsistent with Pledgor's obligations under this Agreement, the Amended and Restated Credit Agreement or any other Loan Document, (b) take any action, or permit any action to be taken by others subject to its control, including licensees, or fail to take any action (including, without limitation, the abandonment of any Trademark) that would adversely affect the validity or enforceability of the rights transferred to the Agent, for itself and for the ratable benefit of the Banks, under this Agreement, or (c) enter into any other contractual obligations that may restrict or inhibit the Agent's rights to sell or otherwise dispose of the Collateral or any part thereof after the occurrence of an Event of Default.

4. *New Trademarks.* The Pledgor represents and warrants that Schedule 1 to this Agreement accurately identifies all of the registered trademarks that are owned by, or are pending on behalf of, the Pledgor as of the Closing Date and all other Trademarks in which the Pledgor has acquired any right or interest as of the

Closing Date. If, prior to the termination of this Agreement, the Pledgor shall obtain any registration or apply for any registration for any trademark or tradename after the Closing Date in the United States Patent and Trademark Office or in any similar office or agency of a state, territory or possession of the United States, the Agent, for itself and for the ratable benefit of the Banks, shall have a valid first priority security interest in each such trademark, trademark registration, trademark application and tradename. In the event that the Pledgor becomes the owner of, or acquires any right to or interest in, any trademark, trademark registration, trademark application or tradename after the Closing Date, the Pledgor promptly shall (i) notify the Agent and update Schedule 1 to this Agreement to the extent necessary to accurately identify, and (ii) provide the Agent with a copy of each such updated schedule.

5. *Representations and Warranties.* The Pledgor hereby represents, warrants, covenants and agrees that on the Closing Date:

(a) Except as otherwise provided in this Agreement or any other Loan Document, it is and will continue to be the owner of all its right, title and interest in the Trademarks free from any Liens.

(b) It has the full right and power to grant the security interest in the Collateral to the Agent, for itself and for the benefit of the Banks, as and to the extent by this Agreement.

(c) It has made no previous assignment, transfer or agreements in conflict with this Agreement or constituting a present or future assignment, transfer, or encumbrance on any of the Collateral.

(d) Until this Agreement has terminated, it will not execute, and except as otherwise permitted by the Amended and Restated Credit Agreement or any other Loan Document, there will not be on file in any public office, any financing statement or other document or instruments evidencing or giving notice of Liens affecting the Collateral.

(e) No material infringement or unauthorized use presently is being made of any of the Trademarks that could adversely affect the fair market value of the Collateral or the benefits, rights or powers granted to the Agent, for itself and for the ratable benefit of the Banks, pursuant to this Agreement or the validity, priority or perfection of the security interests granted in the Collateral pursuant to this Agreement or the remedies of the Agent, for itself and for the ratable benefit of the Banks, under this Agreement, and the Pledgor shall continue to maintain monitoring and enforcement practices that protect the Collateral.

(f) The Pledgor's chief executive office and chief place of business are set forth on Schedule 2 to this Agreement as amended pursuant to Section 8(c) of this Agreement.

(g) The Pledgor has registered or filed for registration all Trademarks owned by the Pledgor. Each Trademark is valid, subsisting, unexpired, unenforceable

and has not been abandoned. No holding, decision or judgment has been rendered by any Governmental Authority that would limit, cancel or question the validity of any Trademark. No action or proceeding that seeks to limit, cancel or question the validity of any Trademark is pending.

6. *Agent's Right to Maintain Quality.* The Pledgor agrees that from and after the occurrence of an Event of Default, the Agent shall have the right to establish such additional product quality controls as the Agent, in its sole judgment, may deem necessary to assure maintenance of the quality of products sold by the Pledgor or any of its Subsidiaries that bear any Trademark. The Pledgor agrees (i) not to sell or assign its interest in, or to grant any license under, any Trademark without the prior written consent of the Agent, (ii) to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with the quality of such products as of the Closing Date, and (iii) to provide the Agent, upon its request, with a certificate of an officer of the Pledgor certifying the Pledgor's compliance with the foregoing.

7. *Royalties.* The Pledgor hereby agrees that the permitted use by the Agent, for itself and for the ratable benefit of the Banks, of all Trademarks shall be worldwide without any liability for royalties or other related charges from the Agent or any of the Banks to the Pledgor.

8. *Duties of the Pledgor.* (a) The Pledgor shall (i) prosecute diligently any trademark application that is part of the Trademarks pending as of the Closing Date or thereafter until this Agreement has terminated, (ii) make application on trademarks as Pledgor reasonably determines to be appropriate, (iii) take all reasonable steps to preserve and maintain all rights in trademark applications, trademarks, tradenames, and trademark registrations that are part of the Trademarks, (iv) not abandon any right to file a trademark application nor any pending trademark application if the value thereof reasonably could be expected to justify the cost of obtaining such trademark, and (v) not abandon any Trademark without the consent of the Agent. Any expenses incurred in connection with the applications referred to in this Section 8 shall be borne by the Pledgor. The Pledgor agrees to retain an experienced trademark attorney for the filing and prosecution of all such applications and other proceedings.

(b) The Pledgor shall maintain the security interests created in favor of the Agent, for itself and for the ratable benefit of the Banks, in the Collateral pursuant to this Agreement as valid and duly perfected first priority security interests and shall defend such security interests against claims and demands of all Persons whomsoever. At any time and from time to time, upon the written request of the Agent, and at the sole expense of the Pledgor, the Pledgor promptly and duly shall execute and deliver such further instruments and documents and take such further actions as the Agent may request for the purposes of obtaining or preserving all of the benefits, rights and powers granted to the Agent and the Banks pursuant to this Agreement. In addition, the Pledgor shall execute and deliver such further documents and instruments and take such further actions as are necessary or desirable or that are requested by the Agent, to create and maintain in favor of the Agent, for itself and for the ratable benefit of the Banks, valid and duly perfected first priority security interests in all of the Collateral

under all applicable foreign laws and shall defend such security interests from all Persons whomsoever.

(c) The Pledgor shall not permit any of the changes described below unless (x) at least 20 days prior to such change, the Agent shall have received written notice of such change and an updated copy of each schedule to this Agreement required to be updated as a result of such change, and (y) all filings and notices have been made to maintain in favor of the Agent, for the ratable benefit of the Banks, valid and duly perfected first priority security interests in the Collateral, subject to no Liens other than those created pursuant to the Loan Documents:

(1) change the location of its chief executive office and chief place of business from that set forth on Schedule 2 to this Agreement, as amended; or

(2) change its name, identity or corporate structure to such an extent that any financing statement filed in favor of the Agent in connection with this Agreement would become inaccurate or misleading.

9. *Remedies.* (a) If an Event of Default shall have occurred and be continuing, the Agent, on behalf of the Banks, may exercise, in addition to all other rights and remedies granted to the Agent and the Banks in this Agreement, any Loan Document and any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code (whether or not the Code applies to any part of the Collateral) and any other applicable laws. Without limiting the generality of the foregoing, the Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Pledgor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), in such circumstances forthwith may collect, receive, appropriate and realize upon the Collateral or any part thereof, or forthwith may sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales at any exchange, broker's board or office of the Agent or any Bank or elsewhere upon such terms and conditions as it reasonably may deem advisable and at such prices as it reasonably may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Agent or any Bank shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales to purchase the whole or any part of the Collateral so sold, free of (to the extent permitted by law) any right or equity of redemption in the Pledgor, which right or equity is (to the extent permitted by law) hereby waived or released. The Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses incurred therein or incidental to the care or safekeeping of any of the Collateral or reasonably relating to the Collateral or the rights of the Agent and the Banks under this Agreement (including, without limitation, attorneys' fees and disbursements) to the payment in whole or in part of the Obligations, in such order as the Agent may elect, and only after such application and after the

payment by the Agent of any other amount required by any provision of law (including, without limitation, Section 9-504(1)(c) or 9-615 of the Code) need the Agent account for the surplus, if any, to the Pledgor. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be in writing and deemed reasonable and proper if given at least 10 days before such sale or other disposition.

(b) The Pledgor waives and agrees not to assert any rights or privileges that it may acquire under Section 9-112 of the Code. The Pledgor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by the Agent or any Bank to collect such deficiency.

10. *Agent's Appointment as Attorney-in-Fact; Agent's Performance of Pledgor's Obligations.* (a) The Pledgor hereby irrevocably constitutes and appoints the Agent and any officer or agent of the Agent (each, an "Attorney") with full power of substitution, as its true and lawful attorney-in-fact, with full irrevocable power and authority in the place and stead of the Pledgor and in the name of the Pledgor or in its own name from time to time in the Agent's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, the Pledgor hereby gives each Attorney the power and right, on behalf of the Pledgor, without notice to or assent by the Pledgor, to do the following upon the occurrence and during the continuance of an Event of Default:

(1) to execute and deliver any and all agreements, instruments, documents, and papers as the Agent reasonably may request to evidence the security interest of the Agent, for the ratable benefit of the Banks, in the Collateral;

(2) to pay or discharge taxes and Liens levied or placed on or threatened against any of the Collateral;

(3) to execute, in connection with any sale provided for in Section 9 of this Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral or any part thereof; and

(4) (i) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Agent or as the Agent shall direct; (ii) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any part of the Collateral; (iii) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to protect, preserve, or realize upon the Collateral or any part thereof and to enforce any other right in respect of any part of the Collateral; (iv) to defend any suit, action or proceeding brought against the Pledgor with respect to any part of the Collateral; (v) to settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, to give such discharges or releases as the Agent may deem

appropriate; (vi) to assign, license or sublicense any Collateral throughout the world for such term or terms, on such conditions, and in such manner, as the Agent shall in its sole discretion determine; and (vii) to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any part of the Collateral as fully and completely as though the Agent were the absolute owner thereof for all purposes, and to do, at the Agent's option and the Pledgor's expense, at any time, or from time to time, all acts and things that the Agent reasonably deems necessary to protect, preserve or realize upon the Collateral or any part thereof and the security interests of the Agent, for the ratable benefit of the Banks, and to effect the intent of this Agreement, all as fully and effectively as the Pledgor might do.

(b) If the Pledgor fails to perform or comply with any of its agreements contained in this Agreement, any Attorney may, at the option of the Agent but without any obligation so to do, perform or comply, or otherwise cause performance or compliance, with such agreement.

(c) The expenses of the Agent incurred in connection with any actions taken pursuant to this Section 10, together with interest thereon at a rate per annum equal to three and one-half percent (3½%) above the Base Rate then in effect from the date payment is demanded by the Agent to the date reimbursed by the Pledgor, shall be payable by the Pledgor to the Agent on demand.

(d) The Pledgor hereby ratifies all actions taken by each Attorney pursuant to this Section 10. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

11. *Duty of Agent.* The Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as the Agent deals with similar property for its own account. None of the Agent, any Bank or any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any of the Collateral upon the request of the Pledgor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Agent and the Banks under this Agreement are solely to protect their interests in the Collateral and shall not impose any duty upon the Agent or any Bank to exercise any such powers. The Agent and the Banks shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to the Pledgor for any act or failure to act under or with respect to this Agreement, except for their own gross negligence or willful misconduct (as determined in a final non-appealable judgment by a court of competent jurisdiction).

12. *Execution of Financing Statements.* Pursuant to Section 9-402 of the Code, the Pledgor authorizes the Agent to file financing statements with respect to the

Collateral without the signature of the Pledgor in such form and in such filing offices as the Agent reasonably determines appropriate to perfect the security interests granted to the Agent, for itself and for the ratable benefit of the Banks, pursuant to this Agreement. A carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement for filing in any jurisdiction. The Agent is authorized to describe the Collateral covered by any financing statement filed by it under the Code as "all assets" or "all personal property" of the Borrower.

13. *Authority of Agent.* The Pledgor acknowledges that the rights and responsibilities of the Agent under this Agreement with respect to any action taken by the Agent or the exercise or non-exercise by the Agent of any option, voting right, request, judgment or other right or remedy provided for in this Agreement or resulting or arising out of this Agreement shall, as between the Agent and the Banks, be governed by the Amended and Restated Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them but, as between the Agent and the Pledgor, the Agent shall be conclusively presumed to be acting as agent for the Banks with full and valid authority so to act or refrain from acting.

14. *Notices.* All notices, requests and demands to or upon the Agent or the Pledgor to be effective shall be in writing (including by telecopy), and unless otherwise expressly provided in this Agreement, shall be deemed to have been duly given or made when delivered by hand, five (5) Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows:

(a) if to the Agent, at its address or transmission number for notices provided in subsection 10.2 of the Amended and Restated Credit Agreement; and

(b) if to the Pledgor, at its address or transmission number for notices set forth in subsection 14 of the Amended and Restated Subsidiary Security Agreement, dated as of December 31, 2001, made by the Pledgor in favor of Credit Lyonnais New York Branch, as Agent for the Issuing Bank and the Lenders from time to time parties to the Amended and Restated Credit Agreement.

15. *Termination and Release.* (a) This Agreement and the security interests created in favor of the Agent, for itself and for the ratable benefit of the Banks, pursuant to this Agreement shall terminate when all of the Obligations have been fully and indefeasibly paid and no Letters of Credit are outstanding or unreimbursed, at which time the Agent shall execute and deliver to the Pledgor, or to such person or persons as the Pledgor shall reasonably designate, all Uniform Commercial Code termination statements and similar documents prepared by the Pledgor at the Pledgor's expense that the Pledgor shall reasonably request to evidence the release of the Liens and the security interests created by this Agreement with respect to the Collateral.

(b) All Collateral used, sold, transferred or otherwise disposed of by the Pledgor in accordance with the terms of the Amended and Restated Credit Agreement (including, without limitation, pursuant to a waiver or amendment of the

terms of the Amended and Restated Credit Agreement), shall be used, sold, transferred or otherwise disposed of free and clear of the Lien and the security interest created under this Agreement. In connection with any such sale, transfer or disposition of Collateral, (i) the Agent shall deliver to the Pledgor, or to such person or persons as the Pledgor shall reasonably designate, all Uniform Commercial Code termination statements and similar documents prepared by the Pledgor at the Pledgor's expense that the Pledgor shall reasonably request to evidence the release of the Liens and security interests created under this Agreement with respect to such Collateral, and (ii) any representation, warranty or covenant contained in this Agreement relating to such Collateral shall no longer be deemed to be made with respect to such used, sold, transferred or otherwise disposed Collateral.

16. *Severability.* Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

17. *Amendments in Writing; No Waiver; Cumulative Remedies.* (a) None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with the provisions of subsection 10.1 of the Amended and Restated Credit Agreement and pursuant to a written instrument executed by the Pledgor and the Agent; *provided, however*, the schedules to this Agreement shall be amended and updated by the Pledgor as and to the extent required by this Agreement.

(b) Neither the Agent nor any Bank shall by any act (except by a written instrument pursuant to Section 17(a) of this Agreement) or delay be deemed to have waived any right or remedy under this Agreement or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions of this Agreement. No failure to exercise, nor any delay in exercising, on the part of the Agent or any Bank, any right, power or privilege under this Agreement shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege under this Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Agent or any Bank of any right or remedy under this Agreement on any one occasion shall not be construed as a bar to any right or remedy that the Agent or such Bank would otherwise have on any future occasion.

(c) The rights and remedies provided to the Agent and the Banks in this Agreement are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

(d) Notwithstanding anything herein to the contrary, to the extent that any provisions herein are directly contrary to the provisions of the Amended and Restated Credit Agreement, such provisions in the Amended and Restated Credit Agreement shall control.

18. *Section Headings.* The section and subsection headings used in this Agreement are for convenience of reference only and are not to affect the construction of this Agreement or be taken into consideration in the interpretation of this Agreement.

19. *Successors and Assigns.* This Agreement shall be binding upon the successors and assigns of the Pledgor and shall inure to the benefit of the Pledgor, the Agent and the Banks and their successors and assigns; *provided, however,* that the Pledgor may not assign any of its rights, or delegate any of its duties or obligations, under this Agreement without the prior written consent of the Agent.

20. **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE INTERNAL LAW OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PROVISIONS THEREOF.**

21. *Submission to Jurisdiction; Waivers.* The Pledgor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgement in respect of this Agreement, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate court from any of this Agreement;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy of this Agreement by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Pledgor at its address set below its signature to this Agreement or at such other address as the Pledgor shall have notified the Agent;

(d) agrees that nothing in this Agreement shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection any special exemplary, punitive or consequential damages.

22. **WAIVERS OF JURY TRIAL.** THE PLEDGOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY

OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY AND FOR ANY
COUNTERCLAIM THEREIN.

IN WITNESS WHEREOF, the Pledgor has duly executed and delivered this Agreement as of the day and year first above written.

GENERAL COMBUSTION
CORPORATION

By: 

Name: John E. Elliott

Title: Vice President

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.:

On the 27th day of December in the year 2001, before me personally came John E. Elliott to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same.

Valerie Savickis Cohen
Notary Public

VALERIE SAVICKIS Cohen
Notary Public, State of New York
No. 01SA4997886
Qualified in Suffolk County
Commission Expires June 15, 2002

SCHEDULE 1
TRADEMARKS

Trademark	Registration No.	Registration Date
UNITED STATES		
Genco	2,227,445	3/2/99
G Genco & Design	2,225,048	2/23/99
Ultraflame ®	1,377,093	1/7/86
Hy-Way	2,156,663	5/12/98
Hy-Way Heatank (stylized) ®	690,246	12/22/59; renewed 12/8/99
Hy-Way Hot Oil Heater	2,156,664	5/12/98
G Genco Hy-Way	2,213,849	12/29/98
Bio-Flame	2,252,524	6/15/99
Astraflame®	1,215,686	11/9/82

CANADA		
Astraflame TM	504,082	11/16/98
Ultra II	507,054	1/26/99
General Combustion TM	511,329	4/29/99
H&B & Design TM	509,140	3/11/99
SINGAPORE		
Genco (word)	7611/97	6/26/97
Genco (word)	7614/97	6/26/97
General Combustion and design (flaming G with electrons)	7613/97	6/26/97
AUSTRALIA		
Genco (word)	736209	6/5/97
G Genco & Design (flaming G)	736206	6/5/97
General Combustion & Device (flaming G with electrons)	736207	6/5/97
RUSSIA		
General Combustion & design (flaming G with encircling electrons)	173917	4/7/99

INITIAL _____

NYDOCS1-547954.6

SCHEDULE 2

**LOCATION OF CHIEF EXECUTIVE
OFFICE AND CHIEF PLACE OF BUSINESS**

**General Combustion Corporation
5201 N. Orange Blossom Trail
Orlando, FL 32810**

INITIAL _____

NYDOCSI-547954.6